

**UNITED STATES BANKRUPTCY COURT
DISTRICT OF DELAWARE**

In Re:	§	Chapter 11
	§	
W.R. GRACE & CO., et al.,	§	Jointly Administered
	§	Case No. 01-01139 (JKF)
Debtors.	§	
	§	

**FEE AUDITOR'S COMBINED FINAL REPORT REGARDING
THOSE FEE APPLICATIONS WITH NO FEE OR EXPENSE ISSUES
FOR THE SEVENTEENTH INTERIM PERIOD**

This is the final report of Warren H. Smith & Associates, P.C., acting in its capacity as fee auditor in the above-captioned bankruptcy proceedings, regarding all the Interim Fee Applications of those firms for which we have no fee or expense issues for the Seventeenth Interim Quarterly Period (collectively referred to hereafter as the "Applications").

BACKGROUND

1. David T. Austern ("Austern") was retained as representative to the Future Claimants. In the Application, Austern seeks approval of fees totaling \$2,100.00 and costs totaling \$0.00 for his services from April 1, 2005, through June 30, 2005.

2. Baker Donelson Bearman Caldwell & Berkowitz, P. C. ("Baker Donelson") was retained as advisor for legislative affairs to the Debtors. In the Application, Baker seeks approval of fees totaling \$165,000.00 and costs totaling \$7,202.85 for its services from April 1, 2005, through June 30, 2005. We note that the firm states that by the Court order dated June 16, 2004, the Debtors were authorized to retain Baker Donelson to advise the Debtors, their counsel, and their Board of Directors with respect to legislative affairs and current pending and future legislative affairs

and such other related services as the Debtors may deem necessary or desirable, effective as of April, 2001 (the "Retention Order"). The Retention Order authorizes Debtors to compensate Baker Donelson on a flat rate in the amount of \$17,000.00 per month for services rendered plus reimbursement of actual and necessary expenses incurred by Baker Donelson. The Debtors, on or about January, 24, 2005 filed a motion seeking authorization to modify and expand the scope of services provided by Baker Donelson. Specifically, the motion sought the approval of retention of Baker Donelson to assist Debtors in connection with the Debtors' business operations in China and with respect to the Chinese governmental authorities at the national, provincial and local levels ("China Assistance Services"). The expanded scope of work of Baker Donelson was approved by order entered on March 15, 2005, effective January 1, 2005 ("Order Modifying and Expanding Services"). Compensation of Baker Donelson for the China Assistance Services was approved on a flat rate in the amount of \$35,000.00 per month for services rendered, plus reimbursement of actual and necessary expenses incurred by Baker Donelson. The Order Modifying and Expanding Services increased the flat rate for compensation for Legislative Affairs Services to an amount of \$20,000.00 per month effective March, 2005 for services rendered plus reimbursement of actual and necessary expenses incurred by Baker Donelson. We note that Baker Donelson lists 254 hours for services rendered from April 1, 2005, through June 30, 2005. This computes to an effective hourly rate of \$649.60.

3. The Blackstone Group L.P. ("Blackstone") was retained as financial advisers to the Debtors. In the Application, Blackstone seeks approval of fees totaling \$200,000.00 and costs totaling \$7,708.56 for its services from April 1, 2005, through June 30, 2005. We note that Blackstone professionals spent a total of 283.3 hours for which fees totaling \$200,000.00 are sought.

The effective hourly rate is \$705.97.

4. Bankruptcy Management Corporation (BMC) was retained as Claims Reconciliation and Solicitation Consultant to the Debtors. In the Application, BMC seeks approval of fees totaling \$480,451.50 and costs totaling \$20,855.99 for its services from April 1, 2005, through June 30, 2005.

5. Campbell & Levine LLC ("Campbell") was retained as counsel to the official committee of asbestos personal injury claimants. In the Application, Campbell seeks approval of fees totaling \$85,015.00 and costs totaling \$15,344.73 for its services from April 1, 2005, through June 30, 2005.

6. Carella, Byrne, Bain, Gilfillan, Cecchi, Stewart & Olstein ("CBBG") was retained as Special Litigation and Environmental Counsel to Debtors. In the Application, CBBG seeks approval of fees totaling \$3,740.50 and costs totaling \$270.52 for its services from April 1, 2005, through June 30, 2005.

7. Casner & Edwards, LLP ("Casner") was retained as special litigation counsel to the Debtors. In the Application, Casner & Edwards seeks approval of fees totaling \$62,029.00 and expenses totaling \$42,821.81 for its services from April 1, 2005, through June 30, 2005.

8. CIBC World Markets Corp. ("CIBC") was retained as financial advisor to David T. Austern, Future Asbestos Claimants Representative. In the Application, CIBC seeks approval of fees totaling \$300,000.00 and costs totaling \$5,456.18 for its services from April 1, 2005, through June 30, 2005. We note that in accordance with a new Supplemental Application, effective December 1, 2004, CIBC has reduced its monthly fees to \$100,000.00. Over the three months of this Application Period, CIBC submitted 611.1 hours of service for an effective hourly rate of \$490.91.

9. Ferry, Joseph & Pearce, P.A. (“Ferry Joseph”) was retained as counsel to the Official Committee of Asbestos Property Damage Claimants. In the Application, Ferry Joseph seeks approval of fees totaling \$26,662.00 and costs totaling \$6,377.91 for its services from April 1, 2005 through June 30, 2005.

10. Hamilton, Rabinovitz & Alschuler, Inc. (“HRA”) was retained as consultants to the Official Committee of Asbestos Property Damage Claimants. In the Application, HRA seeks approval of fees totaling \$2,272.50 and costs totaling \$0.00 for its services from April 1, 2005, through June 30, 2005.

11. Holme Roberts & Owen, LLP (“HRO”) was retained as special environmental counsel to the Debtors. In the Application, HRO seeks approval of fees totaling \$41,451.00 and costs totaling \$3,548.55 for its services from April 1, 2005, through June 30, 2005.

12. Klett Rooney Lieber & Schorling (“Klett Rooney”) was retained as co-counsel to the Official Committee of Equity Holders. In the Application, Klett Rooney seeks approval of fees totaling \$57,936.00 and costs totaling \$913.84 for its services from April 1, 2005, through June 30, 2005.

13. Kramer, Levin, Naftalis & Frankel, L.L.P. (“Kramer Levin”) was retained as counsel to the official committee of equity holders. In the Application, Kramer Levin seeks approval of fees totaling \$74,471.50 and costs totaling \$3,641.49 for its services from April 1, 2005, through June 30, 2005.

14. Latham & Watkins, LLP (L&W) was retained as special environmental counsel to the Debtors. In the Application, L&W seeks approval of fees totaling \$52,528.00 and costs totaling \$1,882.24 for its services from April 1, 2005, through June 30, 2005.

15. LECG, LLC (“LECG”) was retained as consultants to the Official Committee of Asbestos Property Damage Claimants. In the Application, LECG seeks approval of fees totaling \$334,915.50 and costs totaling \$3,047.27 for its services from April 1, 2005, through April 30, 2005.

16. Legal Analysis Systems, Inc. (“LAS”) was retained as asbestos-related bodily injury consultant to the Official Committee of Asbestos Personal Injury Claimants. In the Application, LAS seeks approval of fees totaling \$30,255.00 and costs totaling \$216.37 for its services from April 1, 2005, through June 30, 2005.

17. Nelson Mullins Riley & Scarborough, LLP (“Nelson Mullins”), was retained as special litigation and environmental counsel for the Debtors. In the Application, Nelson Mullins seeks approval of fees totaling \$19,661.50 and costs totaling \$125.63 for its services from April 1, 2005, through June 30, 2005.

18. Pachulski, Stang, Ziehl, Young, Jones & Weintraub P.C. (“Pachulski”) was retained as local counsel to the debtors. In the Application, Pachulski seeks approval of fees totaling \$91,236.00 and costs totaling \$80,078.23 for its services from April 1, 2005, through June 30, 2005.

19. Phillips, Goldman & Spence, P.A. (“PG&S”) was retained as local counsel to David T. Austern, Future Claimants’ Representative. In the Application, PG&S seeks approval of fees totaling \$13,901.00 and costs totaling \$1,598.79 for its services from April 1, 2005, through June 30, 2005.

20. Pitney, Hardin, Kipp & Szuch, LLP (“Pitney Hardin”), was retained as special counsel to the Debtors. In the Application, Pitney Hardin seeks approval of fees totaling \$396,409.00 and

costs totaling \$13,606.10 for its services from April 1, 2005, through June 30, 2005.

21. Reed Smith LLP (“Reed Smith”) was retained as special asbestos products liability defense counsel to the Debtors. In the Application, Reed Smith seeks approval of fees totaling \$129,548.00 and costs totaling \$4,719.72 for its services from April 1, 2005, through June 30, 2005.

22. Darrell Scott of The Scott Law Group is counsel to Marco Barbanti (“Barbanti”), a member of the Official Committee of Asbestos Property Damage Claimants (the “Committee”). In the Application, Scott seeks approval of costs totaling \$1,688.36 for reimbursement of expenses incurred between June 1 and June 30, 2005.

23. Steptoe & Johnson, LLP (“Steptoe”) was retained as special tax counsel to the Debtors. In the Application, Steptoe seeks approval of fees totaling \$1,472.50 and costs totaling \$17.85 for its services from April 1, 2005, through June 30, 2005.

24. Swidler Berlin, LLP (Swidler) was retained as counsel to David T. Austern, legal representative for future asbestos claimants. In the Application, Swidler seeks approval of fees totaling \$196,107.25 and costs totaling \$2,662.44 for its services from April 1, 2005, through June 30, 2004.

25. L. Tersigni Consulting P.C. (“Tersigni”) was retained as accountant and financial advisor for the official committee of asbestos personal injury claimants. In the Application, Tersigni seeks approval of fees totaling \$366,568.00 and costs totaling \$807.84 for its services from April 1, 2005, through June 30, 2005.

26. Woodcock Washburn LLP (“Woodcock”) was retained as special litigation counsel to the Debtor. In the Application, Woodcock seeks approval of fees totaling \$405,363.50 and costs totaling \$74,149.93 for its services from April 1, 2005, through June 30, 2005.

27. In conducting this audit and reaching the conclusions and recommendations contained herein, we reviewed in detail the Applications in their entirety, including each of the time and expense entries included in the exhibits to the Applications, for compliance with 11 U.S.C. § 330, Local Rule 2016-2 of the Local Rules of the United States Bankruptcy Court for the District of Delaware, Amended Effective February 1, 2001, and the United States Trustee Guidelines for Reviewing Applications for Compensation and Reimbursement of Expenses Filed Under 11 U.S.C. 330, Issued January 30, 1996, (the "Guidelines"), as well as for consistency with precedent established in the United States Bankruptcy Court for the District of Delaware, the United States District Court for the District of Delaware, and the Third Circuit Court of Appeals.

DISCUSSION

28. We have no objections to, or issues with any of the Applications.

CONCLUSION

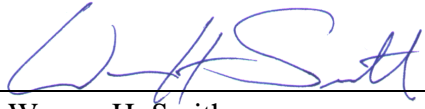
29. Thus for the period of April 1, 2005, through June 30, 2005 we recommend approval of all fees and expenses for the following applicants:

- a. David T. Austern - fees totaling \$2,100.00 and costs totaling \$0.00.
- b. Baker Donelson - fees totaling \$165,000.00 and costs totaling \$7,202.85.
- c. Blackstone - fees totaling \$200,000.00 and costs totaling \$7,708.56.
- d. BMC - fees totaling \$480,451.50 and costs totaling \$20,855.99.
- e. Campbell - fees totaling fees totaling \$85,015.00 and costs totaling \$15,344.73.
- f. Carella (CBBG) - fees totaling \$3,740.50 and costs totaling \$270.52.
- g. Casner - fees totaling \$62,029.00 and expenses totaling \$42,821.81.
- h. CIBC - fees totaling \$300,000.00 and costs totaling \$5,456.18.

- i. Ferry Joseph - fees totaling fees totaling \$26,662.00 and costs totaling \$6,377.91.
- j. HRA - fees totaling \$2,272.50 and costs totaling \$0.00.
- k. HRO - fees totaling \$41,451.00 and costs totaling \$3,548.55.
- l. Klett Rooney - fees totaling \$57,936.00 and costs totaling \$913.84.
- m. Kramer - fees totaling fees totaling \$74,471.50 and costs totaling \$3,641.49.
- n. L&W - fees totaling fees totaling \$52,528.00 and costs totaling \$1,882.24.
- o. LECG - fees totaling fees totaling \$334,915.50 and costs totaling \$3,047.27.
- p. LAS - fees totaling \$30,255.00 and costs totaling \$216.37.
- q. Nelson Mullins - fees totaling \$19,661.50 and costs totaling \$125.63.
- r. Pachulski - fees totaling \$91,236.00 and costs totaling \$80,078.23.
- s. PG&S - fees totaling fees totaling \$13,901.00 and costs totaling \$1,598.79.
- t. Pitney Hardin - \$396,409.00 and costs totaling \$13,606.10.
- u. Reed Smith - fees totaling fees totaling \$129,548.00 and costs totaling \$4,719.72.
- v. Darrell Scott of The Scott Law Group - costs totaling \$1,688.36.
- w. Steptoe - fees totaling \$1,472.50 and costs totaling \$17.85.
- x. Swidler - fees totaling \$196,107.25 and costs totaling \$2,662.44.
- y. Tersigni - fees totaling \$366,568.00 and costs totaling \$807.84.
- z. Woodcock - fees totaling \$405,363.50 and costs totaling \$74,149.93.

Respectfully submitted,

WARREN H. SMITH & ASSOCIATES, P.C.

By: 
Warren H. Smith
Texas State Bar No. 18757050

Republic Center
325 N. St. Paul, Suite 1275
Dallas, Texas 75201
214-698-3868
214-722-0081 (fax)
whsmith@whsmithlaw.com

FEE AUDITOR

CERTIFICATE OF SERVICE

I hereby certify that a true and correct copy of the foregoing document has been served First Class United States mail to the attached service list on this 28th day of November, 2005.


Warren H. Smith

SERVICE LIST

Notice Parties

The Applicants

David T. Austern
Claims Resolution Management Corporation
3110 Fairview Park Drive, Suite 200
Falls Church, VA 22042-0683

E. Franklin Childress
James Range
Baker, Donelson, Bearman, Caldwell &
Berkowitz
165 Madison Avenue
Suite 200
Memphis, Tennessee 38103

Pamela D. Zilly
Senior Managing Director
The Blackstone Group L.P.
345 Park Avenue
New York, NY 10154

Sean A. Allen, President
BMC Group
720 Third Avenue, 23rd Floor
Seattle, Washington 98104

Marla R. Eskin
Campbell & Levine, LLC
Suite 300
800 N. King Street
Wilmington, DE 19801

John M. Agnello
CARELLA, BYRNE, BAIN, GILFILLAN,
CECCHI, STEWART & OLSTEIN
5 Becker Farm Road
Roseland, N.J. 07068-1700

Robert A. Murphy
CASNER & EDWARDS, LLP
303 Congress Street, 2nd Floor
Boston, MA 02210

Joseph J. Radecki, Jr.
CIBC World Markets Corp.
425 Lexington Avenue
New York, New York 10017

Michael B. Joseph
Theodore J. Tacconelli
Rick S. Miller
FERRY, JOSEPH & PEARCE, P.A.
824 Market Street, Suite 904
P.O. Box 1351
Wilmington, DE. 19899

Paul J. Silvern
Hamilton, Rabinovitz & Alschuler, Inc.
6033 West Century Blvd., Suite 890
Los Angeles, California 90045

Elizabeth K. Flaagan, Esq.
HOLME ROBERTS & OWEN, LLP
1700 Lincoln Street, Suite 4100
Denver, Colorado 80203

Teresa K. D. Currier, Esq.
Klett Rooney Lieber & Schorling
1000 West Street, Suite 1410
Wilmington, DE 19801

Philip Bentley, Esq.
Kramer, Levin, Naftalis & Frankel, L.L.P.
919 Third Avenue
New York, NY 10022

John McGahren
Latham & Watkins LLP
One Newark Center, 16th Floor
Newark, New Jersey 07101

Steven A. Wolf
LECG, LLC
1725 Eye Street, NW, Suite 800
Washington, DC 20006

Mark A. Peterson
Legal Analysis Systems, Inc.
970 Calle Arroyo
Thousand Oaks, CA 91360

Joseph Melchers, Esq.
Nelson Mullins Riley & Scarborough, LLP
1320 Main Street 17th Floor
Columbia, South Carolina 29201

Laura Davis Jones
Patty Cuniff
PACHULSKI, STANG, ZIEHL, YOUNG &
JONES P.C.
919 North Market Street, 16th Floor
P.O. Box 8705
Wilmington, DE 19899-8705 (Courier 19801)

John C. Phillips, Jr.
Phillips, Goldman & Spence, P.A.
1200 North Broom Street
Wilmington, DE 19806

Anthony J. Marchetta, Esq.
Pitney, Hardin, Kipp & Szuch, LLP
P.O. Box 1945
Morristown, NJ 07962-1945

Richard Keuler, Esq.
Reed Smith LLP
1201 Market Street, Ste. 1500
Wilmington, DE 19801

Douglas Cameron
Reed Smith LLP
P. O. Box 2009
Pittsburgh, PA 15230-2009

Jay M. Sakalo, Esq.
Official Committee of Asbestos Property
Damage Claimants
Bilzin, Sumberg, Dunn, Baena, Price
& Axelrod
2500 First Union Financial Center
200 South Biscayne Boulevard
Miami, Florida 33131-2336

Anne E. Moran
STEPTOE & JOHNSON, LLP
1330 Connecticut Avenue, NW
Washington, D.C. 20036

Roger Frankel
Richard H. Wyron
Swidler Berlin Shereff Friedman, LLP
3000 K Street, NW, Suite 300
Washington, DC 20007

Loreto T. Tersigni
Dottie Jo Collins
L. Tersigni Consulting P.C.
1010 Summer Street, suite 201
Stamford, CT 06905

Gary H. Levin
Woodcock Washburn LLP
One Liberty Place, 46th Floor
Philadelphia, PA 19103

The Debtors

David B. Siegel, Esq.
Sr. V.P. and Gen. Counsel
W.R. Grace & Co.
7500 Grace Drive
Columbia, MD 21044

Counsel for the Debtors

James H.M. Sprayregen, Esq.
Kirkland & Ellis
200 East Randolph Drive
Chicago, IL 60601

Laura Davis Jones, Esq.
Pachulski, Stang, Ziehl, Young & Jones,
P.C.
919 North Market Street, Suite 1600
P.O. Box 8705
Wilmington, DE 19899-8705

**Counsel for the Official Committee of
Unsecured Creditors**

Lewis Kruger, Esq.
Stroock & Stroock & Lavan
180 Maiden Lane
New York, NY 10038-4982

Michael R. Lastowski, Esq.
Duane Morris & Heckscher
1100 N. Market Street, Suite 1200
Wilmington, De 19801-1246

**Counsel to the Official Committee of
Property Damage Claimants**

Scott L. Baena, Esq.
Bilzin, Sumberg, Dunn, Baena, Price &
Axelrod
First Union Financial Center
200 South Biscayne Boulevard, Suite 2500
Miami, FL 33131

Michael B. Joseph, Esq.
Ferry & Joseph, P.A.
824 Market Street, Suite 904
P.O. Box 1351
Wilmington, DE 19899

**Counsel to the Official Committee of
Personal Injury Claimants**

Elihu Inselbuch, Esq.
Caplin & Drysdale
399 Park Avenue, 36th Floor
New York, NY 10022

Marla R. Eskin
Campbell & Levine, LLC
Suite 300
800 N. King Street
Wilmington, DE 19801

Official Committee of Equity Holders

Thomas M. Mayer, Esq.
Kramer Levin Naftalis & Frankel
919 Third Avenue
New York, NY 10022

Teresa K.D. Currier, Esq.
Klett Rooney Lieber & Schorling
1000 West Street, Suite 1410
Wilmington, DE 19801

United States Trustee

Office of the United States Trustee
Frank J. Perch, Esq.
844 King Street, Suite 2311
Wilmington, DE 19801